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March 1966



Intelligence Brief

SAIMAA CANAL

DIRECTORATE OF INTELLIGENCE
Office of Basic Intelligence

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W A R N I N G

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SAIMAA CANAL

Finland is at the approximate midpoint of a 5-year program for restoring and improving the long-defunct Saimaa Canal connecting the Saimaa lake system of southeastern Finland with the Baltic Sea via Soviet territory. Although the economics of restoring the Saimaa Canal are questionable, the project has an emotional appeal to many Finns as a first step toward the return of territory lost during World War II. President Kekkonen of Finland attaches importance to the Saimaa Canal as an indication of the viability of Finnish-Soviet friendship and as evidence of the success of his policies. Completion of the project now seems virtually certain despite controversy that attends it.

Background

First opened in 1856, the Saimaa Canal extends 36 miles from a point near Lappeenranta on the southern shore of Lake Saimaa to Vyborg (Viipuri) on the Gulf of Finland. The original canal had a depth of about 8 feet and required 28 small locks to raise and lower ships the 250 feet between sea level and the level of Lake Saimaa. Over a million tons of cargo, mostly wood and wood products, moved along the canal yearly in the 1920's. The enlargement and deepening that started in 1927 were still under way when World War II forced discontinuance. Among other things that Finland lost as a result of the war were 1) the northern section of the Karelian Isthmus, 2) its second most populous city, Viipuri (now Vyborg), and 3) 15 miles of the Saimaa Canal. The canal was heavily damaged during World War II and has been out of operation since 1944.

Protracted Russo-Finnish bargaining over a period of years led, in 1962, to a treaty under which Finland leased the Soviet part of the Saimaa Canal and agreed to restore it. The 1962 treaty was ratified by Finland on 17 May 1963 and by the USSR on 23 July 1963. Noteworthy provisions of the treaty are given below. The USSR leases to Finland for 50 years 1) land to an average width of 98 feet (30 meters) on both sides of the canal and 2) Maly Vysotskiy Island (8 miles southwest of Vyborg), the island to be used for the reloading and storage of goods. Finland is to expand the canal and construct necessary facilities within 5 years. The entire length of the canal is to be open to Finnish, Soviet,

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and third-nation vessels.* Finnish and third-nation vessels are to pay fees to Finland for transit through the entire canal; Soviet vessels are to pay fees to Finland only for transit through the area under full Finnish sovereignty. Finnish and third-nation commercial vessels will be allowed to use** the leased area. No military vessels or arms will be allowed. Finland is to pay the USSR 320,000 rubles a year during the 5-year construction period. The USSR has the right to refuse entry to third-nation vessels when not in keeping with Soviet security interests. If Finnish and Soviet field representatives cannot agree, problems will be turned over to a mixed commission; if members of the mixed commission cannot agree, matters at issue will be resolved through diplomatic channels. Legal authority in the leased area is to remain in Soviet hands and Soviet law is to be enforced with the provision that Finnish nationals and the nationals of third nations will be turned over to Finnish courts for trial if the case does not involve Soviet interests.

A followup protocol signed on 6 April 1965 provided for the appointment of five Finnish law enforcement officers to police the leased area in cooperation with Soviet authorities. The Finnish officials are to have credentials but no uniforms. This arrangement caused some dissatisfaction in Finland, where it was thought that five law enforcement officers were too few to guarantee the safety of Finnish and third-country citizens in the leased area.

Canal Renovation

Improvements under way will give the Saimaa Canal a controlling depth of 14 feet. Sections of the route are being widened and straightened. Locks will be enlarged and their number reduced to eight, of which five will be in the leased area and three in Finnish territory. The renovated canal is expected to accommodate Baltic coastal vessels of over 1,000 deadweight tons and thus obviate transshipment of cargo between southeastern Finland and Baltic ports. The navigation season of the old

* The main area leased to Finland ends some 7 miles north of Vyborg (see map). The USSR therefore retains absolute control of through traffic. Ships plying the remodeled canal between the high seas and Lake Saimaa will actually traverse areas under four different types of political status: 1) territorial waters of the USSR, 2) inland waters of the USSR -- full Soviet sovereignty, 3) the area leased by Finland from the USSR, and 4) inland waters of Finland -- full Finnish sovereignty.

** Presumably, use of the leased area will provide for short tieups for cargo shifting, minor repairs, and similar tasks.

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canal averaged 191 days a year; it is expected, however, that with modern steel vessels the navigation season of the remodeled waterway will be somewhat longer.

The Finns have agreed to dredge the sea approaches to the canal's southern entrance at Vyborg. It will also be necessary for Finland to renew and build ships suitable for canal traffic and to improve channels and ports of the Saimaa lake system. Important bridges over the canal right-of-way at Vyborg will be built by the USSR at Finland's expense.

The 5-year period allowed for renovation began officially with the exchange of ratification documents in Helsinki on 27 August 1963. Work in the leased area started in 1964 with the construction of camps and access roads. Reconstruction of the canal as a whole is now believed to be about 45 percent complete. Original cost estimates called for expenditures of \$58 million on redevelopment. There have been indications, however, that expenditures are running ahead of estimates and that construction is slightly behind schedule.

Problems and Prospects

Before the canal agreement was signed there was much discussion in Finland about the merits of restoring the waterway. Canal adversaries claimed that investment in alternative means of transportation (roads and railroads) would be better for Finland because these could be used all year, whereas the canal navigation season will not be much longer than 200 days a year. Opponents of the restoration pointed out that roads and railroads, unlike the canal, would be entirely under Finnish control. They also contended that expansion of wood-processing industries has greatly reduced the need for transporting undressed wood, the main cargo of the prewar canal. On the other hand, spokesmen for the Saimaa lake ports and other communities in southeastern Finland favored canal redevelopment and expected it to improve economic conditions in the area. Considered broadly, restoration of the Saimaa Canal does not appear to be a promising project for Finland on economic grounds.

Why did the Finns agree to renovate the canal on terms that have them paying virtually all costs while leaving control in Soviet hands? The answer is Karelia. The Finnish Government originally hoped for a canal accord that would include restoration of Finnish sovereignty to some part of the former Finnish territory along the canal -- possibly the area bounded by the canal in the northeast, the sea to the south, and the present Finland - USSR boundary in the northwest. As matters

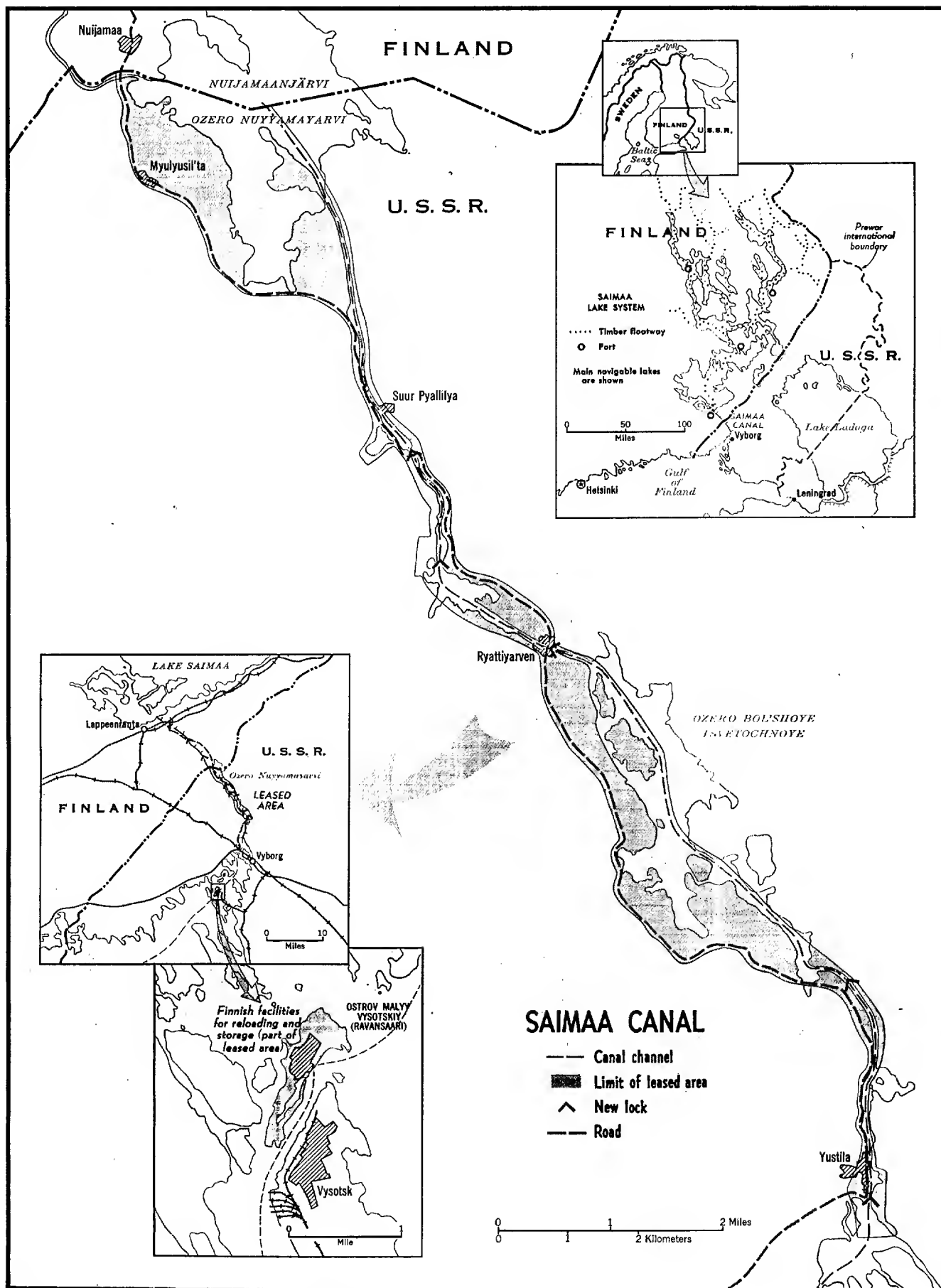
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worked out, Finland was offered only a lease arrangement in which a diluted form of Finnish control was limited to a narrow belt along the canal right-of-way. The Finns probably thought, however, that they could not reject the arrangement without closing the door on their hopes for recovering some part of Karelia.

The return of even a small part of Karelia would have a powerful appeal for all Finns and, after restoring the canal on unfavorable terms, the Finns may come to feel that some such Soviet action is overdue. Even if the USSR should ultimately grant a modest territorial concession, control of the canal will, very likely, be retained in Soviet hands. The Soviets will remain in a position to encourage or discourage use of the waterway by third-nation vessels. They may also, if they choose, make full use of the commercial advantages the canal accord gives the USSR for trade and travel to the interior of Finland. Just how the Soviets will exploit their opportunities still causes some concern in Finland. Leaders of the Finnish Seamen's Union, for example, fear that their members may be harassed in the leased area; and they have gone so far as to suggest that the union may boycott the canal if measures for the protection of Finnish ship crews do not meet with their satisfaction. Proponents of the canal renovation scheme brush doubts aside and point out that the USSR places much value on good relations with Finland as an example of peaceful coexistence. Nevertheless, some Finns still feel that too many Finnish eggs have been too hurriedly and too hopefully placed in a frail basket.

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GROUP I

Excluded from automatic down-
grading and declassification

D/GG REQUEST FOR GRAPHICS

Date: 9 March 1966

Check whether SENSITIVE ☐ yes ☒ no

Sanitized Title (if any): _____

Actual Title: Saimaa Canal

Map No.: 53399

Classification: Secret

Control: NO FOREIGN DISSEM

Date Graphics Required: 21-31 March 1966 Number of Copies: _____

D/GG Project Number: 63 2280 D/GG's Requester: Self-initiated

D/GG Analyst and Branch: [REDACTED] GD/E Phone No.: 2404

STATINTL

Remarks: Map spread to accompany IB on same subject




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Date Approved: 9 March 66

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Instructions: To be made up in triplicate: Two copies to D/GG, one of which will be returned to O/Ch/D/GG with map number. The third copy to be held in O/Ch/D/GG until the second is returned; the third copy with map number added to be sent to the Branch.

One D/GG Request for Graphics for each m.p., chart, etc.

REQUEST FOR PROJECT APPROVAL		
TO :	CHIEF, GEOGRAPHIC RESEARCH, ORR ASSISTANT DIRECTOR, ORR DIRECTOR, OBI THRU: Exec. Assistant	DATE 8 February 1966
FROM :	CHIEF, GEOGRAPHY DIVISION, ORR OBI	
SUBJECT:	REQUEST FOR APPROVAL OF PROJECT NUMBER 63.2280	
1. SUBJECT OF PROPOSED PROJECT The Saimaa Canal (Finland-USSR)		
2. STATEMENT OF PROBLEM See reverse side. 25X1A		
3. NAME OF REQUESTER Self-initiated	4. RESPONSIBLE D/GG ANALYST 	5. BRANCH GD/E (with GD/S coordination)
6. COORDINATION REQUESTED FROM (Specify) OBI A. OTHER ORR DIVISIONS CD for preparation of basic map and insets. MLD for securing maps from AMS. B. OTHER CIA COMPONENTS ORR, OCI, and possibly NPIC. C. OUTSIDE CIA		
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The Finns are currently restoring the Saimaa Canal in accordance with Finnish-Soviet agreements. The canal could be of economic importance as a Baltic outlet in Soviet territory for wood producing areas in southeastern Finland, but its potential in this respect is questionable because of existing alternate outlets within Finland. The principal Finnish motivation appears to be political -- the interest of the President of Finland in cooperating with the USSR, and the faint hope that Karelia may one day be returned to Finland. Successful completion and operation of the canal could be significant in Finnish-Soviet relations. The scheme nevertheless has built-in potentials for discord and is opposed by some groups in Finland.

The proposed report would cover:

- (1) Significance and brief history of canal
- (2) Reconstruction
 - (a) Physical aspects
 - (b) Reconstruction to date and outlook for completion
- (3) Potential problems
 - (a) Economic
 - (b) Political

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